Table of Contents

Index to Financial Statements

FINANCIAL SUMMARY

	2008	2007	2006	2005	2004
	(millions of dollars, except per share amounts)				
Sales and other operating revenue *(1) (2)*	$459,579	$390,328	$365,467	$358,955	$291,252
Earnings					
Upstream	$ 35,402	$ 26,497	$ 26,230	$ 24,349	$ 16,675
Downstream	8,151	9,573	8,454	7,992	5,706
Chemical	2,957	4,563	4,382	3,943	3,428
Corporate and financing	(1,290)	(23)	434	(154)	(479)
Net income	$ 45,220	$ 40,610	$ 39,500	$ 36,130	$ 25,330
Net income per common share	$ 8.78	$ 7.36	$ 6.68	$ 5.76	$ 3.91
Net income per common share – assuming dilution	$ 8.69	$ 7.28	$ 6.62	$ 5.71	$ 3.89
Cash dividends per common share	$ 1.55	$ 1.37	$ 1.28	$ 1.14	$ 1.06
Net income to average shareholders' equity (percent)	38.5	34.5	35.1	33.9	26.4
Working capital	$ 23,166	$ 27,651	$ 26,960	$ 27,035	$ 17,396
Ratio of current assets to current liabilities (times)	1.47	1.47	1.55	1.58	1.40
Additions to property, plant and equipment	$ 19,318	$ 15,387	$ 15,462	$ 13,839	$ 11,986
Property, plant and equipment, less allowances	$121,346	$120,869	$113,687	$107,010	$108,639
Total assets	$228,052	$242,082	$219,015	$208,335	$195,256
Exploration expenses, including dry holes	$ 1,451	$ 1,469	$ 1,181	$ 964	$ 1,098
Research and development costs	$ 847	$ 814	$ 733	$ 712	$ 649
Long-term debt	$ 7,025	$ 7,183	$ 6,645	$ 6,220	$ 5,013
Total debt	$ 9,425	$ 9,566	$ 8,347	$ 7,991	$ 8,293
Fixed-charge coverage ratio (times)	52.2	49.9	46.3	50.2	36.1
Debt to capital (percent)	7.4	7.1	6.6	6.5	7.3
Net debt to capital (percent) *(3)*	(23.0)	(24.0)	(20.4)	(22.0)	(10.7)
Shareholders' equity at year end	$112,965	$121,762	$113,844	$111,186	$101,756
Shareholders' equity per common share	$ 22.70	$ 22.62	$ 19.87	$ 18.13	$ 15.90
Weighted average number of common shares outstanding (millions)	5,149	5,517	5,913	6,266	6,482
Number of regular employees at year end (thousands) *(4)*	79.9	80.8	82.1	83.7	85.9
CORS employees not included above (thousands) *(5)*	24.8	26.3	24.3	22.4	19.3

(1) Sales and other operating revenue includes sales-based taxes of $34,508 million for 2008, $31,728 million for 2007, $30,381 million for 2006, $30,742 million for 2005 and $27,263 million for 2004.

(2) Sales and other operating revenue includes $30,810 million for 2005 and $25,289 million for 2004 for purchases/sales contracts with the same counterparty. Associated costs were included in Crude oil and product purchases. Effective January 1, 2006, these purchases/sales were recorded on a net basis with no resulting impact on net income.

(3) Debt net of cash, excluding restricted cash.

(4) Regular employees are defined as active executive, management, professional, technical and wage employees who work full time or part time for the Corporation and are covered by the Corporation's benefit plans and programs.

(5) CORS employees are employees of company-operated retail sites.

Table of Contents

Index to Financial Statements

FREQUENTLY USED TERMS

Listed below are definitions of several of ExxonMobil's key business and financial performance measures. These definitions are provided to facilitate understanding of the terms and their calculation.

CASH FLOW FROM OPERATIONS AND ASSET SALES

Cash flow from operations and asset sales is the sum of the net cash provided by operating activities and proceeds from sales of subsidiaries, investments and property, plant and equipment from the Consolidated Statement of Cash Flows. This cash flow reflects the total sources of cash from both operating the Corporation's assets and from the divesting of assets. The Corporation employs a long-standing and regular disciplined review process to ensure that all assets are contributing to the Corporation's strategic objectives. Assets are divested when they are no longer meeting these objectives or are worth considerably more to others. Because of the regular nature of this activity, we believe it is useful for investors to consider sales proceeds together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities, including shareholder distributions.

Cash flow from operations and asset sales	2008	2007	2006
	(millions of dollars)		
Net cash provided by operating activities	$59,725	$52,002	$49,286
Sales of subsidiaries, investments and property, plant and equipment	5,985	4,204	3,080
Cash flow from operations and asset sales	$65,710	$56,206	$52,366

CAPITAL EMPLOYED

Capital employed is a measure of net investment. When viewed from the perspective of how the capital is used by the businesses, it includes ExxonMobil's net share of property, plant and equipment and other assets less liabilities, excluding both short-term and long-term debt. When viewed from the perspective of the sources of capital employed in total for the Corporation, it includes ExxonMobil's share of total debt and shareholders' equity. Both of these views include ExxonMobil's share of amounts applicable to equity companies, which the Corporation believes should be included to provide a more comprehensive measure of capital employed.

Capital employed	2008	2007	2006
	(millions of dollars)		
Business uses: asset and liability perspective			
Total assets	$228,052	$242,082	$219,015
Less liabilities and minority share of assets and liabilities			
Total current liabilities excluding notes and loans payable	(46,700)	(55,929)	(47,115)
Total long-term liabilities excluding long-term debt and equity of minority interests	(54,404)	(50,543)	(45,905)
Minority share of assets and liabilities	(6,044)	(5,332)	(4,948)
Add ExxonMobil share of debt-financed equity company net assets	4,798	3,386	2,808
Total capital employed	$125,702	$133,664	$123,855
Total corporate sources: debt and equity perspective			
Notes and loans payable	$ 2,400	$ 2,383	$ 1,702
Long-term debt	7,025	7,183	6,645
Shareholders' equity	112,965	121,762	113,844
Less minority share of total debt	(1,486)	(1,050)	(1,144)
Add ExxonMobil share of equity company debt	4,798	3,386	2,808
Total capital employed	$125,702	$133,664	$123,855

Table of Contents

Index to Financial Statements

RETURN ON AVERAGE CAPITAL EMPLOYED

Return on average capital employed (ROCE) is a performance measure ratio. From the perspective of the business segments, ROCE is annual business segment earnings divided by average business segment capital employed (average of beginning and end-of-year amounts). These segment earnings include ExxonMobil's share of segment earnings of equity companies, consistent with our capital employed definition, and exclude the cost of financing. The Corporation's total ROCE is net income excluding the after-tax cost of financing, divided by total corporate average capital employed. The Corporation has consistently applied its ROCE definition for many years and views it as the best measure of historical capital productivity in our capital-intensive, long-term industry, both to evaluate management's performance and to demonstrate to shareholders that capital has been used wisely over the long term. Additional measures, which are more cash flow-based, are used to make investment decisions.

Return on average capital employed	2008	2007	2006
		(millions of dollars)	
Net income	$ 45,220	$ 40,610	$ 39,500
Financing costs (after tax)			
Gross third-party debt	(343)	(339)	(264)
ExxonMobil share of equity companies	(325)	(204)	(156)
All other financing costs net	1,485	268	499
Total financing costs	817	(275)	79
Earnings excluding financing costs	$ 44,403	$ 40,885	$ 39,421
Average capital employed	$129,683	$128,760	$122,573
Return on average capital employed corporate total	34.2%	31.8%	32.2%

Table of Contents

Index to Financial Statements

QUARTERLY INFORMATION

	2008					2007				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Volumes										
	(thousands of barrels daily)									
Production of crude oil and natural gas liquids	2,468	2,391	2,290	2,472	2,405	2,746	2,668	2,537	2,517	2,616
Refinery throughput	5,526	5,472	5,354	5,313	5,416	5,705	5,279	5,582	5,717	5,571
Petroleum product sales	6,821	6,775	6,688	6,761	6,761	7,198	6,973	7,100	7,125	7,099
	(millions of cubic feet daily)									
Natural gas production available for sale	10,229	8,489	7,820	9,849	9,095	10,114	8,733	8,283	10,414	9,384
	(thousands of oil-equivalent barrels daily)									
Oil-equivalent production *(1)*	4,173	3,806	3,593	4,113	3,921	4,432	4,123	3,918	4,253	4,180
	(thousands of metric tons)									
Chemical prime product sales	6,578	6,718	6,060	5,626	24,982	6,805	6,897	6,729	7,049	27,480
Summarized financial data										
	(millions of dollars)									
Sales and other operating revenue *(2)*	$113,223	133,776	132,085	80,495	459,579	$84,174	95,059	99,130	111,965	390,328
Gross profit *(3)*	$ 40,255	43,925	45,901	29,760	159,841	$33,907	36,760	36,114	39,914	146,695
Net income	$ 10,890	11,680	14,830	7,820	45,220	$ 9,280	10,260	9,410	11,660	40,610
Per share data										
	(dollars per share)									
Net income per common share *(4)*	$ 2.05	2.25	2.89	1.57	8.78	$ 1.64	1.85	1.72	2.15	7.36
Net income per common share – assuming dilution *(4)*	$ 2.03	2.22	2.86	1.55	8.69	$ 1.62	1.83	1.70	2.13	7.28
Dividends per common share	$ 0.35	0.40	0.40	0.40	1.55	$ 0.32	0.35	0.35	0.35	1.37
Common stock prices										
High	$ 94.74	96.12	89.63	83.64	96.12	$ 76.35	86.58	93.66	95.27	95.27
Low	$ 77.55	84.26	71.51	56.51	56.51	$ 69.02	75.28	78.76	83.37	69.02

(1) Gas converted to oil-equivalent at 6 million cubic feet = 1 thousand barrels.
(2) Includes amounts for sales-based taxes.
(3) Gross profit equals sales and other operating revenue less estimated costs associated with products sold.
(4) Computed using the average number of shares outstanding during each period. The sum of the four quarters may not add to the full year.

The price range of ExxonMobil common stock is as reported on the composite tape of the several U.S. exchanges where ExxonMobil common stock is traded. The principal market where ExxonMobil common stock (XOM) is traded is the New York Stock Exchange, although the stock is traded on other exchanges in and outside the United States.

There were 546,588 registered shareholders of ExxonMobil common stock at December 31, 2008. At January 31, 2009, the registered shareholders of ExxonMobil common stock numbered 540,892.

On January 28, 2009, the Corporation declared a $0.40 dividend per common share, payable March 10, 2009.

Table of Contents

Index to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FUNCTIONAL EARNINGS	2008	2007	2006
	(millions of dollars, except per share amounts)		
Net income (U.S. GAAP)			
Upstream			
United States	$ 6,243	$ 4,870	$ 5,168
Non-U.S.	29,159	21,627	21,062
Downstream			
United States	1,649	4,120	4,250
Non-U.S.	6,502	5,453	4,204
Chemical			
United States	724	1,181	1,360
Non-U.S.	2,233	3,382	3,022
Corporate and financing	(1,290)	(23)	434
Net income	$ 45,220	$ 40,610	$ 39,500
Net income per common share	$ 8.78	$ 7.36	$ 6.68
Net income per common share — assuming dilution	$ 8.69	$ 7.28	$ 6.62
Special items included in net income			
Non-U.S. Upstream			
Gain on German natural gas transportation business sale	$ 1,620	$ —	$ —
Corporate and financing			
Tax-related benefit	$	$ —	$ 410
Valdez litigation	$ (460)	$ —	$ —

Table of Contents

Index to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Statements in this discussion regarding expectations, plans and future events or conditions are forward-looking statements. Actual future results, including demand growth and energy source mix; capacity increases; production growth and mix; financing sources; the resolution of contingencies and uncertain tax positions; the effect of changes in prices; interest rates and other market conditions; and environmental and capital expenditures could differ materially depending on a number of factors, such as the outcome of commercial negotiations; changes in the supply of and demand for crude oil, natural gas, and petroleum and petrochemical products; political or regulatory events; and other factors discussed herein and in Item 1A of ExxonMobil's 2008 Form 10-K.

OVERVIEW

The following discussion and analysis of ExxonMobil's financial results, as well as the accompanying financial statements and related notes to consolidated financial statements to which they refer, are the responsibility of the management of Exxon Mobil Corporation. The Corporation's accounting and financial reporting fairly reflect its straightforward business model involving the extracting, manufacturing and marketing of hydrocarbons and hydrocarbon-based products. The Corporation's business model involves the production (or purchase), manufacture and sale of physical products, and all commercial activities are directly in support of the underlying physical movement of goods. Our consistent, conservative approach to financing the capital-intensive needs of the Corporation has helped ExxonMobil to sustain the "triple-A" status of its long-term debt securities for 90 years.

ExxonMobil, with its resource base, financial strength, disciplined investment approach and technology portfolio, is well-positioned to participate in substantial investments to develop new energy supplies. While commodity prices are volatile on a short-term basis and depend on supply and demand, ExxonMobil's investment decisions are based on our long-term business outlook, using a disciplined approach in selecting and pursuing the most attractive investment opportunities. The corporate plan is a fundamental annual management process that is the basis for setting near-term operating and capital objectives in addition to providing the longer-term economic assumptions used for investment evaluation purposes. Volumes are based on individual field production profiles, which are also updated annually. Prices for crude oil, natural gas and refined products are based on corporate plan assumptions developed annually by major region and are utilized for investment evaluation purposes. Potential investment opportunities are tested over a wide range of economic scenarios to establish the resiliency of each opportunity. Once investments are made, a reappraisal process is completed to ensure relevant lessons are learned and improvements are incorporated into future projects.

BUSINESS ENVIRONMENT AND RISK ASSESSMENT

Long-Term Business Outlook

By 2030, the world's population is projected to grow to approximately 8 billion people, or about 1.5 billion more than in 2005. Coincident with this population increase, the Corporation expects worldwide economic growth to average close to 3 percent per year. This combination of population and economic growth is expected to lead to an increase in primary energy demand of approximately 35 percent by 2030 versus 2005 even with substantial efficiency gains. The vast majority (over 90 percent) of the demand increase is expected to occur in developing countries.

As economic progress drives demand higher, the use of more energy-efficient technologies and practices will become increasingly important, leading to a significantly lower level of energy consumption per unit of economic output by 2030. Efficiency gains will result from anticipated improvements in the transportation and power generation sectors, driven by the introduction of new technologies, as well as many other improvements that span the residential, commercial and industrial sectors.

Energy for transportation — including cars, trucks, ships, trains and airplanes — is expected to increase by 40 percent from 2005 to 2030. The global growth in transportation demand will be met primarily by oil, which is expected to provide almost 95 percent of all transportation fuel by 2030, down from about 98 percent in 2005, as biofuels and natural gas gain market share.

Demand for electricity around the world will grow significantly through 2030. Consistent with this projection, power generation will remain the largest and fastest-growing segment of global energy demand. Meeting the expected growth in

power demand will require a diverse set of energy sources. Coal will retain the largest share, however natural gas, nuclear and renewables are all expected to gain market share.

Liquid fuels provide the largest share of energy supply today due to their availability, affordability and ease of transport. By 2030, global demand for liquids is expected to grow to approximately 108 million barrels of oil-equivalent per day or close to 30 percent more than in 2005. Global demand for liquid fuels will be met by a wide variety of sources. Conventional non-OPEC crude and condensate production is expected to remain relatively flat through 2030. However, growth is expected from a number of supply sources, including biofuels, oil sands and natural gas liquids, as well as crude oil from OPEC countries. While the world's resource base is sufficient to meet projected demand, access to resources and timely investments will remain critical to meeting global needs.

Table of Contents

Index to Financial Statements

Increases in natural gas demand in North America, Europe and Asia Pacific will require new sources of supply, primarily from imports. The growing need for natural gas imports will have a dramatic impact on the worldwide liquefied natural gas (LNG) market, which is expected to more than triple in volume by 2030.

The world's energy mix is highly diverse and will remain so through 2030. Oil is expected to remain the largest source of energy supply at close to 35 percent. Natural gas is expected to grow the fastest of the fossil fuels and overtake coal as the second-largest energy source. Nuclear power is projected to grow significantly, surpassing coal in terms of absolute growth and becoming the fourth-largest fuel source. Hydro and geothermal will also grow, though remain limited by the availability of natural sites. Wind, solar and biofuels are expected to grow at about 9 percent per year on average, the highest growth rate of all fuels, and are projected to reach approximately 2 percent of world energy by 2030.

The Corporation anticipates that the world's available oil and gas resource base will grow not only from new discoveries, but also from reserve increases in previously discovered fields. Technology will underpin these increases. The cost to develop and supply these resources will be significant. According to the International Energy Agency, the investment required to meet total oil and gas energy needs worldwide through 2030 will be close to $500 billion per year on average, or about $11.7 trillion (measured in 2007 dollars) in total for 2007-2030.

Upstream

ExxonMobil continues to maintain a large portfolio of development and exploration opportunities, which enables the Corporation to be selective, maximizing shareholder value and mitigating political and technical risks. ExxonMobil's fundamental Upstream business strategies guide our global exploration, development, production, and gas and power marketing activities. These strategies include identifying and pursuing all attractive exploration opportunities, investing in projects that deliver superior returns, maximizing profitability of existing oil and gas production, and capitalizing on growing natural gas and power markets. These strategies are underpinned by a relentless focus on operational excellence, commitment to innovative technologies, development of our employees and investment in the communities in which we operate.

As future development projects bring new production online, the Corporation expects a shift in the geographic mix of its production volumes between now and 2013. Oil and natural gas output from West Africa, the Caspian region, the Middle East and Russia is expected to increase over the next five years based on current capital project execution plans. Currently, these growth areas account for 39 percent of the Corporation's production. By 2013, they are expected to generate about 50 percent of total volumes. The remainder of the Corporation's production is expected to be sourced from established areas, including Europe, North America and Asia Pacific.

In addition to a changing geographic mix, there will also be a change in the type of opportunities from which volumes are produced. Nonconventional production utilizing specialized technology such as arctic technology, deepwater drilling and production systems, heavy oil recovery processes, tight gas production and LNG is expected to grow from about 30 percent to over 40 percent of the Corporation's output between now and 2013. The Corporation's overall volume capacity outlook, based on projects coming onstream as anticipated, is for production capacity to grow over the period 2009-2013. However, actual volumes will vary from year to year due to the timing of individual project start-ups, operational outages, reservoir performance, performance of enhanced oil recovery projects, regulatory changes, asset sales, weather events, price effects under production sharing contracts and other factors described in Item 1A of ExxonMobil's 2008 Form 10-K. Enhanced oil recovery projects extract hydrocarbons from reservoirs in excess of that which may be produced through primary recovery, i.e., through pressure depletion or natural aquifer support. They include the injection of water, gases or chemicals into a reservoir to produce hydrocarbons otherwise unobtainable.

Downstream

ExxonMobil's Downstream is a large, diversified business with refining and marketing complexes around the world. The Corporation has a strong presence in mature markets in North America and Europe, as well as the growing Asia Pacific region. ExxonMobil's fundamental Downstream business strategies position the company to deliver long-term growth in shareholder value that is superior to competition across a range of market conditions. These strategies include maintaining best-in-class operations in all aspects of the business, maximizing value from leading-edge technologies, capitalizing on integration with other ExxonMobil businesses, selectively investing for resilient, advantaged returns, leading the industry in efficiency and effectiveness, and providing quality, valued products and services to customers.

ExxonMobil has an ownership interest in 37 refineries, located in 20 countries, with distillation capacity of 6.2 million

barrels per day and lubricant basestock manufacturing capacity of about 140 thousand barrels per day. ExxonMobil's fuels and lubes marketing business portfolios include operations around the world, serving a globally diverse customer base.

The downstream industry environment remains competitive. The industry has experienced a period of robust refining margins, which has encouraged the construction of additional industry capacity. However, over the prior 20-year period, inflation-adjusted refining margins have declined at an average rate of about 1 percent per year. Refining margins are largely driven by differences in commodity prices and are a function of the difference between what a refinery pays for its raw materials (primarily crude oil) and the market prices for the range of products produced (primarily gasoline, heating oil, diesel oil, jet fuel and fuel oil). Crude oil and many products are widely traded with published prices, including those quoted on multiple exchanges around the world (e.g., New York Mercantile Exchange and Intercontinental Exchange). Prices for these commodities are determined by the global marketplace and are influenced by many factors, including global and regional supply/demand balances, inventory levels, refinery operations, import/export balances, seasonal demand, weather and political climate.

Table of Contents

Index to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ExxonMobil's long-term outlook continues to be that refining margins will generally decline as refineries continue to improve efficiency and, in the near term, new capacity additions outpace the growth in global demand.

In the retail fuels marketing business, ongoing intense competition continues to drive down inflation-adjusted margins by about 3 percent per year. In 2008, ExxonMobil announced its intention to transition out of the direct served (i.e., dealer, company-operated) retail business in U.S. markets and to convert a majority of markets to a branded distributor model. This transition will be a multiyear process.

ExxonMobil's Downstream capital expenditures remain focused on selective and resilient investments. These investments capitalize on the Corporation's world-class scale and integration, industry-leading efficiency, leading-edge technology and respected brands, enabling ExxonMobil to take advantage of attractive emerging-growth opportunities around the globe. For example, in 2008, ExxonMobil announced plans to invest over $1 billion in three refineries to increase the supply of cleaner burning diesel by about 140 thousand barrels per day. The company will construct new units and modify existing facilities at its Baton Rouge, La., Baytown, Texas, and Antwerp, Belgium, refineries. ExxonMobil is also participating in an integrated refining, petrochemicals and fuels marketing venture in Fujian, China, with our partners Saudi Aramco, Sinopec and Fujian Province. The manufacturing portion of the venture will expand an existing 80-thousand-barrel-per-day refinery in the Fujian Province to a 240-thousand-barrel-per-day high-conversion facility. The project also includes a new world-scale integrated chemical plant. The project is expected to start up in 2009. The fuels marketing portion of the venture includes approximately 750 retail sites and a network of distribution terminals.

Chemical

Worldwide petrochemical demand decreased in 2008, reflecting the global economic slowdown in the second half of the year. Despite record high feedstock costs, chemical growth continued in the first half of the year fueled by increased demand in Asia Pacific, particularly China. As a result, supply/demand balances supported higher product prices during this period. Demand dropped sharply in the second half of the year, reflecting slower economic growth and broad supply chain inventory de-stocking during rapid feedstock cost declines. With this demand decrease, margins weakened and industry operating rates were cut back.

ExxonMobil benefited from continued operational excellence and a balanced portfolio of products. In addition to being a worldwide supplier of primary petrochemical products, ExxonMobil Chemical also has a number of less-cyclical business lines. Chemical's competitive advantages are achieved through its business mix, broad geographic coverage, investment discipline, integration of chemical capacity with large refineries or upstream gas processing facilities, advantaged feedstock capabilities, leading proprietary technology and product application expertise.

REVIEW OF 2008 AND 2007 RESULTS

	2008	2007	2006
	(millions of dollars)		
Net income (U.S. GAAP)	$45,220	$40,610	$39,500

2008

Net income in 2008 of $45,220 million was a record for the Corporation, up $4,610 million from 2007. Net income for 2008 included an after-tax gain of $1,620 million from the sale of a natural gas transportation business in Germany and after-tax special charges of $460 million related to the Valdez litigation.

2007

Net income in 2007 of $40,610 million was up $1,110 million from 2006. Net income for 2006 included a $410 million gain from the recognition of tax benefits related to historical investments in non-U.S. assets.

Upstream

	2008	2007	2006
	(millions of dollars)		
Upstream			
United States	$ 6,243	$ 4,870	$ 5,168
Non-U.S.	29,159	21,627	21,062
Total	$35,402	$26,497	$26,230

2008

Upstream earnings for 2008 totaled $35,402 million, an increase of $8,905 million from 2007, including an after-tax gain of $1,620 million from the sale of a natural gas transportation business in Germany. Record high crude oil and natural gas realizations increased earnings approximately $11.8 billion. Lower sales volumes reduced earnings about $3.7 billion. Higher taxes and increased operating costs decreased earnings approximately $1.5 billion, partially offset by favorable foreign exchange. Oil-equivalent production decreased 6 percent versus 2007, including impacts from lower entitlement volumes, the expropriation of assets in Venezuela and divestments. Excluding these impacts, total oil-equivalent production decreased 3 percent. Liquids production of 2,405 kbd (thousands of barrels per day) decreased 211 kbd from 2007. Production increases from new projects in West Africa were more than offset by field decline, lower entitlement volumes, the expropriation of assets in Venezuela and divestments. Natural gas production of 9,095 mcfd (millions of cubic feet per day) decreased 289 mcfd from 2007. Higher volumes from North Sea, Malaysia and Qatar projects and higher European demand were more than offset by field decline. Earnings from U.S. Upstream operations for 2008 were $6,243 million, an increase of $1,373 million. Earnings outside the U.S. for 2008, including a $1,620 million gain related to the sale of the German natural gas transportation business, were $29,159 million, $7,532 million higher than in 2007.

2007

Upstream earnings for 2007 totaled $26,497 million, an increase of $267 million from 2006. Higher liquids realizations increased earnings approximately $3.1 billion, while lower natural gas realizations decreased earnings about $600 million. Higher operating expenses and unfavorable tax effects reduced earnings about $2.2 billion. Oil-equivalent production decreased 1 percent versus 2006, including the expropriation of assets in Venezuela, divestments, OPEC quota effects, and price and spend impacts on volumes. Excluding these impacts, total oil-equivalent production increased 1 percent. Liquids production of 2,616 kbd decreased 65 kbd from 2006. Production increases from new projects in West Africa and higher Russia volumes were offset by field decline and production sharing contract net interest reductions. Natural gas production of 9,384 mcfd increased 50 mcfd from 2006. Higher volumes from projects in Qatar and the North Sea were mostly offset by mature field decline. Earnings from U.S. Upstream operations for 2007 were $4,870 million, a decrease of $298 million. Earnings outside the U.S. for 2007 were $21,627 million, an increase of $565 million.

Downstream

	2008	2007	2006
	(millions of dollars)		
Downstream			
United States	$1,649	$4,120	$4,250
Non-U.S.	6,502	5,453	4,204
Total	$8,151	$9,573	$8,454

2008

Downstream earnings of $8,151 million were $1,422 million lower than in 2007. Lower margins reduced earnings approximately $900 million, as weaker refining margins more than offset stronger marketing margins. Higher operating costs, mainly associated with planned work activity, reduced earnings about $700 million, while unfavorable foreign exchange effects decreased earnings approximately $600 million. Improved refinery operations provided a partial offset, increasing earnings about $800 million. Petroleum product sales of 6,761 kbd decreased from 7,099 kbd in 2007, primarily reflecting asset sales and lower demand. Refinery throughput was 5,416 kbd compared with 5,571 kbd in 2007. U.S. Downstream earnings were $1,649 million, down $2,471 million from 2007. Non-U.S. Downstream earnings of $6,502 million were $1,049 million higher than in 2007.

2007

Downstream earnings totaled $9,573 million, an increase of $1,119 million from 2006. Improved worldwide refining operations increased earnings approximately $800 million, while higher gains on asset sales improved earnings about $900 million. Lower refining margins decreased earnings approximately $600 million. Petroleum product sales of 7,099 kbd decreased from 7,247 kbd in 2006, primarily due to divestment impacts. Refinery throughput was 5,571 kbd compared with 5,603 kbd in 2006. U.S. Downstream earnings of $4,120 million decreased $130 million. Non-U.S. Downstream earnings of $5,453 million were $1,249 million higher than in 2006.

Chemical

	2008	2007	2006
	(millions of dollars)		
Chemical			
United States	$ 724	$1,181	$1,360
Non-U.S.	2,233	3,382	3,022
Total	$2,957	$4,563	$4,382

2008

Chemical earnings totaled $2,957 million, a decrease of $1,606 million from 2007. Lower margins reduced earnings approximately $1.2 billion, while lower volumes decreased earnings about $500 million. Prime product sales were 24,982 kt (thousands of metric tons), a decrease of 2,498 kt from last year. Prime product sales are total chemical product sales, including ExxonMobil's share of equity-company volumes and finished-product transfers to the Downstream business. Carbon black oil and sulfur volumes are excluded. U.S. Chemical earnings of $724 million decreased $457 million. Non-U.S. Chemical earnings of $2,233 million were $1,149 million lower than in 2007.

2007

Chemical earnings totaled $4,563 million, an increase of $181 million from 2006. Higher sales volumes and favorable foreign exchange effects increased earnings approximately $450 million, while lower margins reduced earnings about $325 million. Prime product sales were 27,480 kt, an increase of 130 kt. U.S. Chemical earnings of $1,181 million decreased $179 million. Non-U.S. Chemical earnings of $3,382 million were $360 million higher than in 2006.

Table of Contents

Index to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Corporate and Financing

	2008	2007	2006
	(millions of dollars)		
Corporate and financing	$(1,290)	$(23)	$434

2008

Corporate and financing expenses of $1,290 million in 2008 increased $1,267 million from 2007, mainly due to charges of $460 million related to the Valdez litigation, net higher taxes and lower interest income.

2007

Corporate and financing expenses were $23 million in 2007, compared to an earnings contribution of $434 million in 2006, which included a $410 million gain from tax benefits related to historical investments in non-U.S. assets.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

	2008	2007	2006
		(millions of dollars)	
Net cash provided by/(used in)			
Operating activities	$ 59,725	$ 52,002	$ 49,286
Investing activities	(15,499)	(9,728)	(14,230)
Financing activities	(44,027)	(38,345)	(36,210)
Effect of exchange rate changes	(2,743)	1,808	727
Increase/(decrease) in cash and cash equivalents	$ (2,544)	$ 5,737	$ (427)
		(Dec. 31)	
Cash and cash equivalents	$ 31,437	$ 33,981	$ 28,244
Cash and cash equivalents – restricted	—	—	4,604
Total cash and cash equivalents	$ 31,437	$ 33,981	$ 32,848

Cash and cash equivalents were $31.4 billion at the end of 2008, $2.5 billion lower than the prior year, reflecting $2.7 billion of foreign exchange reductions from the strengthening of the U.S. dollar in 2008.

Cash and cash equivalents were $34.0 billion at the end of 2007, $5.7 billion higher than the prior year, reflecting a $4.6 billion increase due to the release of the restriction on the restricted cash and cash equivalents and $1.8 billion of positive foreign exchange effects from the weakening of the U.S. dollar in 2007. There were no restricted cash and cash equivalents at the end of 2007 (see note 4). Cash flows from operating, investing and financing activities are discussed below. For additional details, see the Consolidated Statement of Cash Flows.

Although the Corporation could issue long-term debt and has access to short-term liquidity, internally generated funds cover the majority of its financial requirements. The management of cash that may be temporarily available as surplus to the Corporation's immediate needs is carefully controlled to ensure that it is secure and readily available to meet the Corporation's cash requirements and to optimize returns on the cash balances.

To support cash flows in future periods the Corporation will need to continually find and develop new fields, and continue to develop and apply new technologies and recovery processes to existing fields, in order to maintain or increase

production. After a period of production at plateau rates, it is the nature of oil and gas fields eventually to produce at declining rates for the remainder of their economic life. Averaged over all the Corporation's existing oil and gas fields and without new projects, ExxonMobil's production is expected to decline at approximately 6 percent per year, consistent with recent historical performance. Decline rates can vary widely by individual field due to a number of factors, including, but not limited to, the type of reservoir, fluid properties, recovery mechanisms, and age of the field. Furthermore, the Corporation's net interest in production for individual fields can vary with price and contractual terms.

The Corporation has long been successful at offsetting the effects of natural field decline through disciplined investments and anticipates similar results in the future. Projects are in progress or planned to increase production capacity. However, these volume increases are subject to a variety of risks including project start-up timing, operational outages, reservoir performance, crude oil and natural gas prices, weather events, and regulatory changes. The Corporation's cash flows are also highly dependent on crude oil and natural gas prices.

The Corporation's financial strength, as evidenced by its AAA/Aaa debt rating, enables it to make large, long-term capital expenditures. Capital and exploration expenditures in 2008 were $26.1 billion, reflecting the Corporation's continued active investment program. The Corporation expects annual expenditures to range from $25 billion to $30 billion for the next several years. Actual spending could vary depending on the progress of individual projects. The Corporation has a large and diverse portfolio of development projects and exploration opportunities, which helps mitigate the overall political and technical risks of the Corporation's Upstream segment and associated cash flow. Further, due to its financial strength, debt capacity and diverse portfolio of opportunities, the risk associated with failure or delay of any single project would not have a significant impact on the Corporation's liquidity or ability to generate sufficient cash flows for operations and its fixed commitments. The purchase and sale of oil and gas properties have not had a significant impact on the amount or timing of cash flows from operating activities.

Table of Contents

Index to Financial Statements

Cash Flow from Operating Activities

2008

Cash provided by operating activities totaled $59.7 billion in 2008, a $7.7 billion increase from 2007. The major source of funds was net income of $45.2 billion, adjusted for the noncash provision of $12.4 billion for depreciation and depletion, both of which increased. The net effects of lower prices and the timing of collection of accounts receivable and of payments of accounts and other payables and of income taxes payable added to cash provided by operating activities.

2007

Cash provided by operating activities totaled $52.0 billion in 2007, a $2.7 billion increase from 2006. The major source of funds was net income of $40.6 billion, adjusted for the noncash provision of $12.3 billion for depreciation and depletion, both of which increased.

Cash Flow from Investing Activities

2008

Cash used in investing activities netted to $15.5 billion in 2008, $5.8 billion higher than in 2007. Spending for property, plant and equipment of $19.3 billion in 2008 increased $3.9 billion from 2007. Proceeds from the sales of subsidiaries, investments and property, plant and equipment of $6.0 billion in 2008 compared to $4.2 billion in 2007, the increase reflecting the sale of the German natural gas transportation business in 2008. Cash used in investing activities in 2008 was higher due to the absence of the $4.6 billion positive cash flow in 2007 from the release of the restriction on the restricted cash and cash equivalents. Net cash used for investments and advances and the change in marketable securities was $1.0 billion lower in 2008.

2007

Cash used in investing activities netted to $9.7 billion in 2007, $4.5 billion lower than in 2006. Spending for property, plant and equipment of $15.4 billion in 2007 was comparable to the prior year. Proceeds from the sales of subsidiaries, investments and property, plant and equipment of $4.2 billion in 2007 increased $1.1 billion, reflecting a higher level of asset sales in the Downstream business. Additions from the release of the restriction on the restricted cash and cash equivalents were $4.6 billion. Net investments and advances and net additions to marketable securities were $1.3 billion higher in 2007.

Cash Flow from Financing Activities

2008

Cash used in financing activities was $44.0 billion in 2008, an increase of $5.7 billion from 2007, reflecting a higher level of purchases of ExxonMobil shares. Dividend payments on common shares increased to $1.55 per share from $1.37 per share and totaled $8.1 billion, a pay-out of 18 percent. Total consolidated short-term and long-term debt decreased $0.2 billion to $9.4 billion at year-end 2008.

Shareholders' equity decreased $8.8 billion in 2008, to $113.0 billion. Net income of $45.2 billion, reduced by distributions to ExxonMobil shareholders of $8.1 billion of dividends and $32.0 billion of purchases of shares of ExxonMobil stock to reduce shares outstanding, added to shareholders' equity. Shareholders' equity, and net assets and liabilities, decreased $6.8 billion, representing the foreign exchange translation effects of generally weaker foreign currencies at the end of 2008 on ExxonMobil's operations outside the United States. The change in the funded status of the postretirement benefits reserves in 2008 lowered shareholders' equity by $5.1 billion.

During 2008, Exxon Mobil Corporation purchased 434 million shares of its common stock for the treasury at a gross cost of $35.7 billion. These purchases were to reduce the number of shares outstanding and to offset shares issued in conjunction with company benefit plans and programs. Shares outstanding were reduced by 7.5 percent from 5,382 million at the end of 2007 to 4,976 million at the end of 2008. Purchases were made in both the open market and through negotiated transactions. Purchases may be increased, decreased or discontinued at any time without prior notice.

2007

Cash used in financing activities was $38.3 billion, an increase of $2.1 billion from 2006, reflecting a higher level of purchases

of ExxonMobil shares. Dividend payments on common shares increased to $1.37 per share from $1.28 per share and totaled $7.6 billion, a payout of 19 percent. Total consolidated short-term and long-term debt increased $1.2 billion to $9.6 billion at year-end 2007.

Shareholders' equity increased $7.9 billion in 2007, to $121.8 billion, reflecting $40.6 billion of net income reduced by distributions to ExxonMobil shareholders of $7.6 billion of dividends and $28.0 billion of purchases of shares of ExxonMobil stock to reduce shares outstanding. Shareholders' equity, and net assets and liabilities, increased $4.2 billion, representing the foreign exchange translation effects of stronger foreign currencies at the end of 2007 on ExxonMobil's operations outside the United States.

During 2007, Exxon Mobil Corporation purchased 386 million shares of its common stock for the treasury at a gross cost of $31.8 billion. These purchases were to reduce the number of shares outstanding and to offset shares issued in conjunction with company benefit plans and programs. Shares outstanding were reduced by 6.1 percent from 5,729 million at the end of 2006 to 5,382 million at the end of 2007. Purchases were made in both the open market and through negotiated transactions.

Table of Contents

Index to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Commitments

Set forth below is information about the outstanding commitments of the Corporation's consolidated subsidiaries at December 31, 2008. It combines data from the Consolidated Balance Sheet and from individual notes to the Consolidated Financial Statements.

		Payments Due by Period			
Commitments	Note Reference Number	2009	2010-2013	2014 and Beyond	Total
		(millions of dollars)			
Long-term debt (1)	13	$ —	$3,175	$ 3,850	$ 7,025
– Due in one year (2)		368	—	—	368
Asset retirement obligations (3)	8	360	1,474	3,518	5,352
Pension and other postretirement obligations (4)	16	5,502	3,718	12,338	21,558
Operating leases (5)	10	2,278	6,126	2,784	11,188
Unconditional purchase obligations (6)	15	456	1,161	654	2,271
Take-or-pay obligations (7)		1,125	4,067	4,821	10,013
Firm capital commitments (8)		9,937	9,131	1,778	20,846

This table excludes commodity purchase obligations (volumetric commitments but no fixed or minimum price) which are resold shortly after purchase, either in an active, highly liquid market or under long-term, unconditional sales contracts with similar pricing terms. Examples include long-term, noncancelable LNG and natural gas purchase commitments and commitments to purchase refinery products at market prices. Inclusion of such commitments would not be meaningful in assessing liquidity and cash flow, because these purchases will be offset in the same periods by cash received from the related sales transactions. The table also excludes unrecognized tax benefits totaling $5.0 billion as of December 31, 2008, because the Corporation is unable to make reasonably reliable estimates of the timing of cash settlements with the respective taxing authorities. Further details on the unrecognized tax benefits can be found in note 18, Income, Sales-Based and Other Taxes.

Notes:

(1) Includes capitalized lease obligations of $380 million.
(2) The amount due in one year is included in notes and loans payable of $2,400 million (note 5).
(3) The fair value of upstream asset retirement obligations, primarily asset removal costs at the completion of field life.
(4) The amount by which the benefit obligations exceeded the fair value of fund assets for certain U.S. and non-U.S. pension and other postretirement plans at year end. The payments by period include expected contributions to funded pension plans in 2009 and estimated benefit payments for unfunded plans in all years.
(5) Minimum commitments for operating leases, shown on an undiscounted basis, cover drilling equipment, tankers, service stations and other properties.
(6) Unconditional purchase obligations (UPOs) are those long-term commitments that are noncancelable and that third parties have used to secure financing for the facilities that will provide the contracted goods or services. The undiscounted obligations of $2,271 million mainly pertain to pipeline throughput agreements and include $1,651 million of obligations to equity companies. The present value of the total commitments, which excludes imputed interest of $423 million, was $1,848 million.
(7) Take-or-pay obligations are noncancelable, long-term commitments for goods and services other than UPOs. The undiscounted obligations of $10,013 million mainly pertain to manufacturing supply, pipeline and terminaling agreements and include $537 million of obligations to equity companies. The present value of the total commitments, which excludes imputed interest of $2,704 million, totaled $7,309 million.
(8) Firm commitments related to capital projects, shown on an undiscounted basis, totaled approximately $20.8 billion. These commitments were primarily associated with Upstream projects outside the U.S., of which $9.3 billion was associated with projects in West Africa and Kazakhstan. The Corporation expects to fund the majority of these projects through internal cash flow.

Guarantees

The Corporation and certain of its consolidated subsidiaries were contingently liable at December 31, 2008, for $7,847 million, primarily relating to guarantees for notes, loans and performance under contracts (note 15). Included in this amount were guarantees by consolidated affiliates of $6,102 million, representing ExxonMobil's share of obligations of certain equity companies. The below-mentioned guarantees are not reasonably likely to have a material effect on the Corporation's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

	Dec. 31, 2008		
	Equity Company Obligations	Other Third-Party Obligations	Total
		(millions of dollars)	
Total guarantees	$ 6,102	$ 1,745	$7,847

Table of Contents

Index to Financial Statements

Financial Strength

On December 31, 2008, unused credit lines for short-term financing totaled approximately $5.3 billion (note 5).

The table below shows the Corporation's fixed-charge coverage and consolidated debt-to-capital ratios. The data demonstrate the Corporation's creditworthiness. Throughout this period, the Corporation's long-term debt securities maintained the top credit rating from both Standard & Poor's (AAA) and Moody's (Aaa), a rating it has sustained for 90 years.

	2008	2007	2006
Fixed-charge coverage ratio (times)	52.2	49.9	46.3
Debt to capital (percent)	7.4	7.1	6.6
Net debt to capital (percent)	(23.0)	(24.0)	(20.4)
Credit rating	AAA/Aaa	AAA/Aaa	AAA/Aaa

Management views the Corporation's financial strength, as evidenced by the above financial ratios and other similar measures, to be a competitive advantage of strategic importance. The Corporation's sound financial position gives it the opportunity to access the world's capital markets in the full range of market conditions, and enables the Corporation to take on large, long-term capital commitments in the pursuit of maximizing shareholder value.

The Corporation makes limited use of derivative instruments, which are discussed in note 12.

Litigation and Other Contingencies

Litigation

As discussed in note 15, a number of lawsuits, including class actions, were brought in various courts against Exxon Mobil Corporation and certain of its subsidiaries relating to the accidental release of crude oil from the tanker Exxon Valdez in 1989. All the compensatory claims have been resolved and paid. All of the punitive damage claims were consolidated in the civil trial that began in 1994. On June 25, 2008, the U.S. Supreme Court vacated the $2.5 billion punitive damage award previously entered by the Ninth Circuit Court of Appeals and remanded the case to the Circuit Court with an instruction that punitive damages in the case may not exceed a maximum amount of $507.5 million. Exxon Mobil Corporation recorded an after-tax charge of $290 million in the second quarter of 2008, reflecting the maximum amount of the punitive damages. The parties have filed briefs in the Ninth Circuit Court of Appeals on the issue of post-judgment interest and recovery of costs. Exxon Mobil Corporation recorded an after-tax charge of $170 million in the third quarter of 2008, reflecting its estimate of the resolution of those issues.

Based on a consideration of all relevant facts and circumstances, the Corporation does not believe the ultimate outcome of any currently pending lawsuit against ExxonMobil will have a materially adverse effect upon the Corporation's operations or financial condition. There are no events or uncertainties beyond those already included in reported financial information that would indicate a material change in future operating results or financial condition.

Other Contingencies

In accordance with a nationalization decree issued by Venezuela's president in February 2007, by May 1, 2007, a subsidiary of the Venezuelan National Oil Company (PdVSA) assumed the operatorship of the Cerro Negro Heavy Oil Project. This Project had been operated and owned by ExxonMobil affiliates holding a 41.67 percent ownership interest in the Project. The decree also required conversion of the Cerro Negro Project into a "mixed enterprise" and an increase in PdVSA's or one of its affiliate's ownership interest in the Project, with the stipulation that if ExxonMobil refused to accept the terms for the formation of the mixed enterprise within a specified period of time, the government would "directly assume the activities" carried out by the joint venture. ExxonMobil refused to accede to the terms proffered by the government, and on June 27, 2007, the government expropriated ExxonMobil's 41.67 percent interest in the Cerro Negro Project.

On September 6, 2007, affiliates of ExxonMobil filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes. An affiliate of ExxonMobil has also filed an arbitration under the rules of the International Chamber of Commerce against PdVSA and a PdVSA affiliate for breach of their contractual obligations under certain Cerro Negro Project agreements. At this time, the net impact of this matter on the Corporation's consolidated financial results cannot be reasonably estimated. However, the Corporation does not expect the resolution to have a material effect upon the

Corporation's operations or financial condition. ExxonMobil's remaining net book investment in Cerro Negro producing assets is about $750 million.